

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 9918-J
NATURAL GAS COMPANY, INC.)	

O R D E R

On August 10, 1987, the Commission issued its Order in Case No. 9918 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On February 5, 1988, Mt. Olivet Natural Gas Company, Inc., ("Mt. Olivet") notified the Commission that it will receive an increase in rates from its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective March 1, 1988, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mt. Olivet's notice of February 5, 1988, set out certain revisions in rates which were based on differences between the new rates effective March 1, 1988, and the previous rates effective February 1, 1988, in Case No. 9918-I. However, the rates in Case No. 9918-I should not have been put into effect because the Federal Energy Regulatory Commission ("FERC") rejected

Transmission's rates, including the fixed monthly charge attributable to contract reformation costs in Docket No. RP 88-43-000. The revisions in rates should be based on rates in effect January 1, 1988, in Case No. 9918-H, which reflect a wholesale price increase in the amount of \$18,068 or 45.99 cents per Mcf.

(2) Transmission filed revised rates with the FERC to be effective March 1, 1988. These rates are subject to refund.

(3) A legislative change in KRS Chapter 278, effective July 15, 1986, requires 30 days notice of a change in rates with the Commission having the discretion to shorten the required period to 20 days upon showing of good cause. Reduction in rates will, as always, be made effective with the date of the supplier decrease. Increases in rates will be effective with 20 days notice providing that: 1) the effective date from the supplier is not more than 20 days in the future, in which case the actual effective date will be used, and 2) the company has included in its filing a specific request that a tariff sheet or some other notification from the supplier be considered a showing of good cause for 20 days notice. Mt. Olivet included a request for a showing of good cause for 20 days notice. The effective date will, therefore, be March 1, 1988, the actual effective date.

(4) Mt. Olivet should report to the Commission the amount of excess revenues collected from February 1, 1988, up to the date the rates in Case No. 9918-I are no longer applied to customers' bills, along with a refund plan.

(5) Mt. Olivet's corrected adjustments in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9918 dated August 10, 1987, are fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after March 1, 1988. Mt. Olivet's rates should be subject to refund because Transmission's rates are subject to refund.

IT IS THEREFORE ORDERED that:

(1) The rates approved in Case No. 9918-I be and they hereby are denied.

(2) Mt. Olivet shall report to the Commission the amount of excess revenues collected from February 1, 1988, up to the date the rates in Case No. 9918-I are no longer applied to customers' bills, along with a refund plan.

(3) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after March 1, 1988, subject to refund.

(4) Within 30 days of the date of this Order Mt. Olivet shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of February, 1988.

PUBLIC SERVICE COMMISSION

Robert D. Herrington
Chairman

Robert M. Davis
Vice Chairman

James H. Williams
Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 9918-J DATED 2/25/88

The following rates are prescribed for the customers served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Rates: Monthly

First	1,000 cu. ft. or less	\$6.41	(Minimum Bill)
Next	4,000 cu. ft. per 1,000 cu. ft.	4.6621	
Next	5,000 cu. ft. per 1,000 cu. ft.	4.4621	
Next	10,000 cu. ft. per 1,000 cu. ft.	4.3121	
Over	20,000 cu. ft. per 1,000 cu. ft.	4.1121	

The base rate for the future application of the purchased gas adjustment clause of Mt. Olivet Natural Gas Company, Inc., shall be:

Demand Commodity

Columbia Gas Transmission Corporation - \$3.2751 per Dth